

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM

# Office Correspondence

Date March 28, 1940

To Chairman Eccles

Subject: Action yesterday on relief

From Henry Edmiston

agencies

Work Projects Administration

The Press reports that the President conferred yesterday with Mr. Carmody, Colonel Harrington, and Budget Director Smith. After the meeting it was indicated that the President had reversed his original intention of sending a special message to Congress revising his first estimate for 1941 relief requirements. Instead, it was decided that Colonel Harrington should appear before the House Appropriations Committee at hearings beginning next Monday to outline present and prospective relief situations. The Press conjectures that Colonel Harrington will present data suggesting the need for raising the Budget estimate for fiscal year 1941 between \$350,000,000 and \$500,000,000. A second alternative suggested was that the scheduled \$1,000,000,000 appropriation would be made available for expenditure during the first seven months of the year. The Press also inferred from Mr. Early's remarks that if, after hearing the testimony of Colonel Harrington, members of the committee sought the President's private opinion on the present \$1,000,000,000 figure, President Roosevelt would be glad to confer with them at the White House.

In view of the fact that the objectives of your original recommendations have apparently been realized, it occurs to me that it would perhaps be better for your group to suggest only the larger W. P. A. program at this time. A further thought in connection with the persons initialing the memorandum is that because Mr. Carmody was at the White House and knows whatever the decision yesterday was, he would not be inclined to join in a different recommendation. You might wish, therefore, to get Mr. McNutt to join you in his place.

Civilian Conservation Corps and National Youth Administration

The House voted yesterday an increased appropriation of \$50,000,000 for the C. C. C. ~~under~~ the Budget recommendation and an increase of \$17,450,000 for N. Y. A., making a total increase of \$67,450,000. This action, if it becomes law, would practically restore the scheduled Budget cuts for these agencies and would, therefore, keep their employment at the levels of the ~~past~~ <sup>current</sup> fiscal year. The House action is being hailed by the Press as the beginning of the breakdown of the House Economy Bloc and as an opening wedge for further increases in the Budget recommendations.

N.E.